

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on February 11, 1999
at 4:27 P.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Miller (R)
Sen. Linda Nelson (D)
Sen. Mike Taylor (R)
Sen. Mignon Waterman (D)

Members Excused: Sen. Tom Keating, Vice Chairman (R)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. Ken Mesaros (R)
Sen. Arnie Mohl (R)
Sen. Debbie Shea (D)
Sen. Daryl Toews (R)

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Clayton Schenck, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 270, SB 233, SB 220, and SB
320
Executive Action: None

HEARING ON SB 270

Sponsor: SEN. GERRY DEVLIN, SD 2, TERRY

Proponents: Jane Jelinski, Montana Association of Counties (MACO)
Tim Burton, Lewis and Clark County

Opponents: None

Opening Statement by Sponsor:

SEN. DEVLIN advised the committee this bill would allow counties to charge the Department of Revenue rent for utilizing space in County building. SEN. DEVLIN entered EXHIBIT(fcs34a01), a letter of support from Madison County, and EXHIBIT(fcs34a02), his testimony.

Proponents' Testimony:

Jane Jelinski, MACO, advised space is limited in the county Court Houses and in some instances the counties are forced to rent additional outside space. This bill would allow counties to recuperate rent from the Department of Revenue. Ms. Jelinski noted counties have to pay rent in Federal buildings and this is a matter of fairness. Ms. Jelinski added the counties prefer the Department of Revenue in their buildings for customer convenience.

Tim Burton, Lewis and Clark County, thought this was an equity issue. Mr. Burton felt the department would contend rent was not budgeted for and has never been in the past. Mr. Burton stated with CI-75 laws governing local finances are changing. Mr. Burton advised Lewis and Clark county paid \$35,000.00 from their General Revenue Fund to house the Department of Revenue. Mr. Burton noted the county could say there was not reasonable space for the department and they would be forced to relocate to private space. The county would like to retain the department in the building for public convenience, however he noted the county has to pay outside rent and has spent approximately \$70,000.00.

Informational Testimony:

Mary Bryson, Department of Revenue, explained in 1973 the Department of Revenue assumed responsibility and cost for appraisal of personal property for tax purposes. To demonstrate good will the department paid a pro rata share of the utilities until 1977, at which time the Legislature advised the department

was in violation of the statute and instructed the department to stop. **Ms. Bryson** noted the department has since assisted in remodeling offices for the county. **Ms. Bryson** explained counties are being forced to rent outside space and in Gallatin and Cascade counties the Department of Revenue has been evicted. The department is forced to rent from the private sector and other counties have advised the department they intend to follow. **Ms. Bryson** stated the department has been involved in several attempts to generate rent money for the counties but none of the measures have been approved. The department would chose to co-locate all operations in the county building and would like to have the budget authority to pay rents if this bill passes.

Questions from Committee Members and Responses:

SEN. BECK asked if there were any counties the department paid rent to now, **Ms. Bryson** advised in two counties the department rents outside the county building and in one county, Madison County, the department assists the county in rent for outside space.

SEN. BECK wondered why the department would pay in one county but not another. **Ms. Bryson** advised the current statute requires counties to allow the department space if it was reasonably available, and in these cases the county has advised the department space is not reasonably available.

SEN. Beck questioned who determined if the space is reasonably available. **Ms. Bryson** stated the county commissioners.

SEN. WATERMAN asked if the rent for outside space was above or below Department of Administration. **Ms. Bryson** stated the rent was above the rates, anywhere from \$5.00 or \$6.00 a square foot more.

SEN. MAHLUM thought Cascade county was the only county charging rent and wanted clarification as to when the other counties started charging rent. **Ms. Bryson** advised they had been renting for several years. **SEN. MAHLUM** stated the counties wanted the department in the building and now the counties want to charge the department for rent. **Ms. Bryson** concurred.

CHAIRMAN SWYSGOOD asked if the department was evicted from Gallatin county. **Ms. Bryson** answered yes, the county sent out a 30 day notice, and the department is no longer located in the county building. **{Tape : 1; Side : A; Approx. Time Counter : 4:48}**

Closing by Sponsor:

SEN. DEVLIN stated he was amazed the department could pay \$12.00 per square foot when they were evicted but could not pay the counties \$5.00 per square foot. **SEN. DEVLIN** noted he was interested in the comment the department has helped remodel and noted his county was constructing a new building and could use all the remodeling help the department could swing. **SEN. DEVLIN** stress the department is paying out monies in some counties and thought if they were paying in some counties they should pay it in all counties.

HEARING ON SB 233

Sponsor: **SEN. JOHN BOHLINGER, SD 7, BILLINGS**

Proponents: **Bob Mc Carthy**, Montana County Attorney, Butte
Joe Mazurek, Attorney General
Jani Mc Call, County Attorney Association
Karen Munro, Department of Justice, Informational

Opponents: None

Opening Statement by Sponsor:

SEN. BOHLINGER advised **SB 233** no longer had a fiscal note due to an amendment added by the Local Government Committee and read **EXHIBIT (fcs34a03)**.

Proponents' Testimony:

Bob McCarthy, Butte County Attorney, stated there was a significant learning curve associated with a County Attorney and there is no incentive for them to stay in their position. This bill would offer an incentive through longevity pay. **Mr. McCarthy** said the amendment deferred the fiscal impact until 2005, and advised some county prosecutors handled all the cases.

Joe Mazurek, Attorney General, advised his department is committed to supporting and work with local law enforcement agencies, including County Attorneys. The Attorney General's office is responsible to train and assist the attorneys and felt there must be consistency and incentive to stay in the position. **Mr. Mazurek** felt without experienced prosecutors conviction rates will decrease. **{Tape : 1; Side : A; Approx. Time Counter : 5:01}**

Jani McCall, MACO, read **EXHIBIT(fcs34a04)**. **Ms. McCall** stated because of the amendment there is no fiscal impact until 2005, and the surcharge is already being collected through filings.

Questions from Committee Members and Responses:

SEN. BECK asked if a four year term limit would eliminate the fiscal impact past 2005, **Mr. Mazurek** concurred and added the cost would probably increase to cover all the mistakes the rookie attorneys would make.

CHAIRMAN SWYSGOOD asked if there were term limits on county officials, the response was no.

CHAIRMAN SWYSGOOD wanted clarification to the technical notes. **Ms. Munro**, Attorney General's Office, advised there were two attorneys that could not decide on the language and her recommendation was to cover both the County Attorney and the Deputy Attorney so in the future there were no questions. There was a need to clarify when the longevity begins. **CHAIRMAN SWYSGOOD** requested **Ms. Munro** provide amendments to clear up the confusion.

CHAIRMAN SWYSGOOD wanted to know how the increase would be paid for after the five years, **Ms. Munro** stated the money would come from the Department of Justice's General Fund Budget, in addition to the individual counties.

CHAIRMAN SWYSGOOD asked if the commissioners approved of the bill. **Mr. McCarthy** stated the commissioners would have the discretion to award longevity pay or not to.

SEN. CHRISTIAENS noted the bill was amended because it was retroactive and would have been an unfunded mandate to the county.

SEN. WATERMAN wanted to know where it said the county commissioner had the discretion to award the increase, she read it as they are entitled to the increase. **Mr. McCarthy** thought it was in the current statute. **SEN. WATERMAN** advised this will also be in statute and it is required. **Mr. Mazurek** thought the language of the bill required the longevity pay and the discretionary was the cost of living increase. *{Tape : 1; Side : B; Approx. Time Counter : 00}*

Closing by Sponsor:

SEN. BOHLINGER advised this bill is an attempt for fairness to county attorneys.

HEARING ON SB 220 AND SB 320

The committee decided to hear both bills together in order to save time. **SB 220** is the funding source for **SB 302**.

Sponsor: **SEN. DARYL TOEWS, SD 48, LUSTRE**

Proponents: **Peter Blouke**, Department of Commerce
John Tubbs, Department of Natural Resources and Conservation
Carl Fourstar, Fort Peck Tribes
Charlie Cahill, Secretary of Dry Prairie Rural Water
Allen Bunk, Vice Chairman of Dry Prairie Rural Water
Dan Keil, Tiber County Water District
Annmari Robinson, Bear Paw Development
Robert Moog, Hill County Water
Ray Wadsworth, former CEO Montana Rural Water
Jim Morsette, Chippewa Tribe
Jack Stultz, Water Division DNRC
SEN. LINDA NELSON, SD 49, MEDICINE LAKE

Opponents: **None**

Opening Statement by Sponsor:

SEN. TOEWS advised this bill was referred by Taxation and entered **EXHIBIT(fcs34a05)**, **EXHIBIT(fcs34a06)**, **EXHIBIT(fcs34a07)**, **EXHIBIT(fcs34a08)**, **EXHIBIT(fcs34a09)**, **EXHIBIT(fcs34a10)**, **EXHIBIT(fcs34a11)**, **EXHIBIT(fcs34a12)**, **EXHIBIT(fcs34a13)**, **EXHIBIT(fcs34a14)**, **EXHIBIT(fcs34a15)**, **EXHIBIT(fcs34a16)**, and **EXHIBIT(fcs34a17)**. **SEN. TOEWS** explained there are two major water projects in the state, with a combined cost of \$379,000,000.00. **SEN. TOEWS** advised there are several small projects and each must be reviewed and funded annually. By combining these to form the Treasure State Endowment Regional Water Fund (**TSERWF**) all the projects would be treated and funded as one. **SEN. TOEWS** felt the additional revenue generated through income taxes by workers on the projects would help offset the cost of the project.

Proponents' Testimony:

Peter Blouke, Department of Commerce, advised the committee this bill was part of the Jobs and Income Commission and read **EXHIBIT(fcs34a18){Tape : 1; Side : B; Approx. Time Counter : 5:23}**

John Tubbs, Department of Natural Resources and Conservation, advised **SB220** provides a source for state match of two very large regional water systems. **Mr. Tubbs** stated most of the money would come from the Federal Government, and will be before Congress this session. The construction time is in excess of 10 years, so the financing is over several years. There must be a show of support between local and state governments in order for the proposals to be successful before Congress, and these bills are a step to show that commitment. **Mr. Tubbs** reintroduced EXHIBIT 5 and explained this fund would restructure the Treasure State Endowment Fund (**TSEF**) by taking 25% of the 50% allocated for the permanent fund for the **TSERWF**. **Mr. Tubbs** explained the reason for that was because the request was too big for any current grant program. **Mr. Tubbs** pointed out the tabular chart on the back of the sheet. The state has to have a \$30,000,000.00 match for federal funding and using this idea the money would be there by the year 2013. The fund continues to generate revenue. **Mr. Tubbs** noted this is a low risk venture because if the projects are not authorized, the money would remain in the trust fund for other projects. **SB 302** is a companion bill that establishes an authority. **Mr. Tubbs** commented it is subject to voter approval.

Carl Fourstar, Chairman of Fort Peck Water Users Association, read **EXHIBIT(fcs34a19)**. **Mr. Fourstar** explained the Water Association was a combination of Native American and Non Native American citizens of Montana. **Mr. Fourstar** used a map on page one of **EXHIBIT(fcs34a20)** to explain his testimony. **Mr. Fourstar** gave several examples of poor water in his area. The water quality was a concern by the entire community, not just Native Americans, and stock taps could be added to try and accommodate everyone.

Charlie Cahill, Secretary/Treasurer of Dry Prairie Rural Water, referred to the map on page one of **Exhibit 20**. There would actually be several separate water projects. **Mr. Cahill** read **EXHIBIT(fcs34a21)**, and added there was a considerable sum of money to be leveraged with the state money that would be a huge boost to the economy of Montana by the project. **Mr. Cahill**

submitted and read **EXHIBIT(fcs34a22)**, a letter of support from United States **Senator Max Baucus**.

Allen Bunk, Vice Chairman of Dry Prairie Rural Water, read his previous testimony. **Mr. Bunk** explained on page 4 of **Exhibit 20**. **Mr. Bunk** introduced and read **EXHIBIT(fcs34a23)**, a letter from United States **Congressman Rick Hill**.

Dan Keil, Tiber County Water District, handed out **EXHIBIT(fcs34a24)**, **EXHIBIT(fcs34a25)** and **EXHIBIT(fcs34a26)** then read the testimony. **Mr. Keil** stated their water program was very similar, only on the other side of the state. *{Tape : 2; Side : A; Approx. Time Counter : 5:50}*

Annmari Robinson, Bear Paw Development, advisee her committee has struggled for years with financing a water project. This was a welcomed answer and she submitted **EXHIBIT(fcs34a27)**.

Robert Moog, Hill County Water, rose in support of the bill stated their district supplies approximately 800 families with water around **Havre**. The district is under a boil order and has been working with **Department of Environmental Quality** for solutions.

Ray Wadsworth, former CEO of Montana Rural Water, advised the committee there was a need to combine the smaller projects and work toward one goal.

Jim Morsette, Chippewa Tribe, introduced **EXHIBIT(fcs34a28)** on behalf of **Bruce Sunchild**. **Mr. Morsette** handed out a booklet titled Rocky Boy's/North Central Montana Regional Water System **EXHIBIT(fcs34a29)**.

Jack Stultz, DNRC, advised there was a called the State Support Committee that has been working very closely with the North Central Rocky Boy System, Dry Prairie and Fort Peck and they feel this concept is totally feasible. Montana has put these ideas through a economic feasibility test and determined it is a good idea to combine the water districts.

SEN. NELSON asked to be listed as a proponent.

Questions from Committee Members and Responses:

SEN FRANKLIN thanked the people testifying and **SEN. TAYLOR** added his support of this concept. The Jobs and Income Committee also supported this.

CHAIRMAN SWYSGOOD asked if Long Range gave monies for studies, **John Tubbs** advised **HB 6** contained \$60,000.00 for assistance with non tribal planning. **CHAIRMAN SWYSGOOD** questioned if this system was listed in the Rocky Boy Compact, **Mr. Morsette** advised there is a \$15,000,000.00 future start up fee.

SEN. CHRISTIAENS wanted to know how much more money is needed in planning, **Mr. Tubbs** advised in **HB 2** contains \$200,000.00 for assistance in obtaining Federal authorization, and noted if it was authorized there would be significant start up operation cost contained in the sub committee budget of \$200,000.00 {**Tape : 2; Side : A; Approx. Time Counter : 6:07**}

Closing by Sponsor:

SEN. TOEWS felt this was important for the entire state. Montana has poor water this was needed. **SEN. TOEWS** noted the differences between Tribal and Non Tribal entities are being resolved. This is low risk and if the Federal Government does not approve the matching funds there is no loss to the state.

Several letter of support from towns and cities throughout the state are attached as **EXHIBIT(fcs34a30)** through **EXHIBIT(fcs34a39)**.

ADJOURNMENT

Adjournment: 6:15 P.M.

SEN. CHUCK SWYSGOOD, Chairman

SHANNON GLEASON, Secretary

CS/SG

EXHIBIT (fcs34aad)